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**BELLSOUTH**

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November 8, 2000

**RECEIVED**

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

EX PARTE

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St. SW  
Washington, D.C. 20554

Re: CC Docket Nos. 96-98 and 99-68

Dear Ms. Salas:

On November 7, 2000, Beth Shiroishi and the undersigned, both representing BellSouth, met with Tamara Priess, Adam Candeub and Rodney McDonald of the Common Carrier Bureau's Competitive Pricing Division in connection with the above referenced proceedings. During this meeting, BellSouth said that reciprocal compensation is not owed when the originating and terminating points of a call are not in the same local calling area. For a call that originates in one local calling area and terminates in another local calling area, that call should be subject to the appropriate exchange access charges. The material used by BellSouth during this meeting is attached.

Please call me if you have any questions.

Yours truly,

  
W. W. Jordan

Attachment

cc: Tamara Priess  
Adam Candeub  
Rodney McDonald

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# **Resolving Intercarrier Compensation: Virtual NXX**

**BellSouth Telecommunications**

November 7, 2000

# Facility Based CLEC Use Of NXX Codes

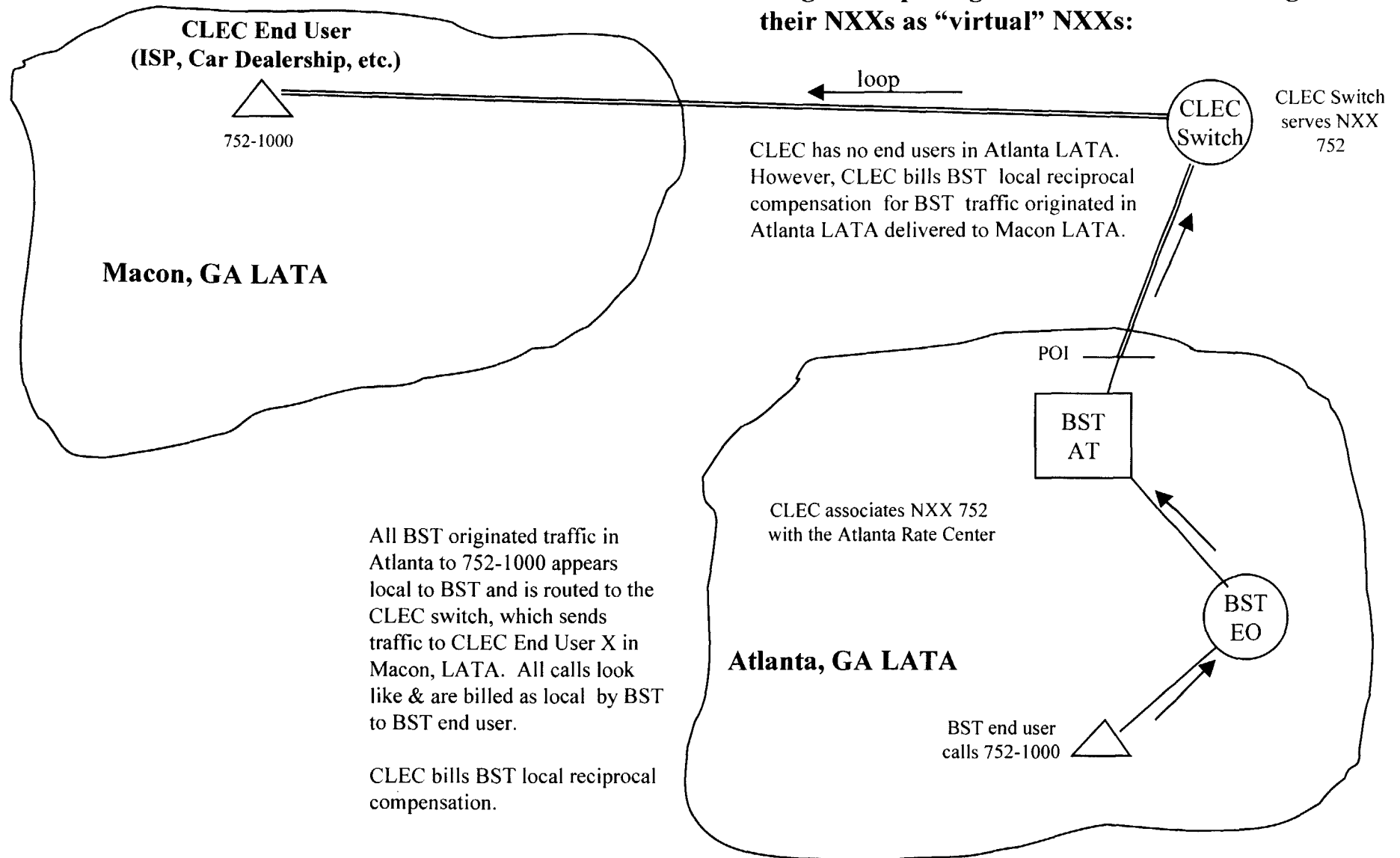
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## ➤ CLECs Use Of Their NXX Codes As “Virtual” NXXs:

- CLECs are collecting BST originated toll traffic as “local” traffic, then terminating to point that is intraLATA toll or interLATA to originating point end user.
- CLECs are using this process to collect traffic in various local rate centers to deliver to a single ISP provider or business ( such as a car dealership).
- CLECs are billing BST “local” reciprocal compensation on this traffic.
- CLECs are using their NXXs to provide “virtual FX” service.

## FB-CLEC Use Of NXX Codes For InterLATA Traffic

Diagram depicting how the CLECs are using their NXXs as “virtual” NXXs:



# Facility Based CLEC Use Of NXX Codes

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- **FCC has consistently held that the jurisdiction of a call is determined by the originating and terminating, end-to-end points of a call**
  - CLECs are attempting to avoid access by assignment of NXX Codes
  - Reciprocal Compensation is not owed on calls using Virtual NXX because the call is not local; the originating and terminating points are not in the same local calling area.
  - FCC has recognized that access regime and local structure will converge at some point. If CLECs are allowed to “game” the access regime before this convergence occurs, Universal Service and end users suffer.
  - Assessment of access charges on Virtual NXX calls:
    - 1) will not eliminate the service due to the value of an assumed “local presence”
    - 2) is consistent with the manner in which other calls of this nature are treated